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INFO RUEHOO/CHINA POSTS COLLECTIVE
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STATE PASS USTR FOR STRATFORD, WINTER, ALTBACH
STATE PASS CEA FOR BLOCK
TREASURY FOR OASIA/CUSHMAN
USDA/ERS FOR LOHMAR, TUAN, SYLVANA LI
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SUBJECT: WUHAN TO TAKE THE LEAD ON CENTRAL CHINA RISING

REF: (A) BEIJING 22299 (B) BEIJING 10969

SUMMARY

¶1. (SBU) Hubei Provincial Government officials said that the Central Government is relying on Wuhan to lead the recently launched Central China Rising initiative. In order to promote more robust economic development in the region, the six provinces of Central China will need to emphasize private sector development, especially in the services sector. Officials and researchers in Wuhan described Central China as an artificial concept, suggesting it will be difficult to coordinate activities in all six provinces, particularly when each province is more closely tied to different economic centers on the coast than to the other provinces within the Central China grouping. END SUMMARY.

TRAVEL TO HUBEI

¶2. (SBU) Econ Macroeconomic Unit Chief, Econoff, Econ Assistant, and Conoff traveled to Wuhan, Hubei Province, from October 31 to November 2. Emboffs met with Provincial Government officials at Hubei's Development and Reform Commission, Foreign Affairs Office, Bureau of Land Resources, Statistics Bureau and Academy of Social Sciences.

WUHAN TAKING THE LEAD

¶3. (SBU) A transportation and logistics hub located on the Yangtze River in Hubei Province, Wuhan is China's fifth-ranked population center with 7.86 million residents. According to Gong Bailin at the Hubei Provincial Development and Reform Commission (HPDRC), Wuhan's role as an agricultural, energy, and manufacturing base, as well as transportation hub, makes it the ideal city to take the lead on Central China's economic development. Qin Zunwen at the Hubei Academy of Social Sciences (HASS) added that because of Wuhan's inherent economic advantages, President Hu Jintao told the city's leaders during a recent visit that spearheading the Central China Rising initiative is Wuhan's responsibility.

CHANGES IN ATTITUDE...

¶4. (SBU) Gong suggested that because the Central China Rising policy is a new initiative, promoting more robust economic development in the region will require several adjustments. First, many of the region's leaders need to recognize why Central China's economic standing has fallen and Coastal China has boomed as China has reformed and opened up its economy. There are too many officials in Wuhan, Gong said, who continue to erroneously believe that the city's old state-owned industrial base is sufficient for future growth, adding that Central China must shift to a market orientation that encourages private sector development and welcomes investment by foreign companies. We noted that in this respect, Wuhan is off to a good start, with a lot of investment from Hong Kong, France, and the United States. Gong further commented that Central China should promote enterprise development in the services sector, which traditionally has been underrepresented in the region.

...CHANGES IN LATITUDE

¶5. (SBU) The Central China Rising strategy faces another significant challenge in that the concept of Central China is arguably artificial, and the region's six provinces are not accustomed to coordinating with each other. Qin Zunwen at HASS pointed out that Hubei Province is the only one of Central China's provinces that does not border on a coastal province and therefore is not tied to another economic center on the coast. Henan and Shanxi Provinces are tied

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economically to Beijing-Tianjin and the Bohai Rim, Anhui Province to Shanghai and the Yangtze River Delta (YRD), and Jiangxi and Hunan Provinces to Guangzhou and the Pearl River Delta (PRD).

¶6. (SBU) In order for the Central China Rising policy to be successful, therefore, the six provinces will need to cooperate to attract investment and capital to the region. As Central China's most economically dynamic city, Wuhan will need to lead the effort and help the six provinces establish a new regional identity, Qin stated.

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